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PROGRESS REPORT BY THE DCI
ON RESPONSE TO THE PRESIDENT'S MEMORANDUM OF 5 NOVEMBER 1971
(NSCIC Meeting, 1 December 1972)

Actions responding to the President's memorandum of 5 November 1971, which established this Committee, have had a significant impact on the organization, management and functioning of the U.S. intelligence community.

The President assigned me four responsibilities in that memorandum. My comments will address these responsibilities.

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The first charge was to plan and review all intelligence activities and the allocation of all intelligence resources.

The key action in this instruction is to plan and review. Accordingly, I organized within my Intelligence Community Staff, a Comptroller Group and a Plans and Evaluation Group.

The Comptroller Group was instructed to participate with the Departments of State, Defense, and CIA in their FY 73-74 program reviews and budget planning and to make substantive input into their deliberations. This has been done. The product of that effort was the development of a National Intelligence Program Memorandum, the nature of which I will address in a moment.

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In addition, we developed a defense of the National Intelligence Program for Fiscal Year 1973 for my presentation to the Appropriations Committees of the Congress last spring. This was the first time the Appropriations Committees had been given a comprehensive exposition on how the community operates and how the various sources of intelligence are integrated to produce the national intelligence products.

In the planning field, we have been developing a detailed set of planning assumptions or guidances which are expected to govern the development of programs within the national intelligence community for the FY 1975 and beyond. To help in both planning and program review a number of Defense Department personnel have been integrated into the community staff.

The Intelligence Resources Advisory Committee created with the 5 November directive has met twice. Its Working Group, which is headed by the Community Comptroller, has met seven times, and has completed action on four resource-related studies:

- Future needs and costs of intelligence communications;

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- A SIGINT satellite mix for the FY 1974/75 program decisions;
- The capabilities and projected costs of the Atomic Energy Detection System.

The results of these studies are reflected in the FY 1974 resource proposals for the National Intelligence Program.

IRAC-sponsored studies will continue to contribute to resource decisions. Studies now underway include:

- An evaluation of various U.S. drone systems employed for intelligence collection;
- A review of U.S. air reconnaissance programs collecting information around the periphery of denied areas;
- An examination of imagery needs for 1974-77 as these impact on present and planned investment in imagery satellite systems; and
- A study of U.S. intelligence activities and institutional arrangements in the field of warning.

Earlier I referred to the National Intelligence Program Memorandum for Fiscal Year 1974 which was submitted to the President through the Office of Management and Budget on October 15th. This document responds to the President's directive to provide him with "an annual detailed review of the needs and the performance of the intelligence community."

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The main themes of the NIPM are these:

First, the overall size of the intelligence budget appears about right for the next several years, except perhaps for certain uncontrollables such as legislated pay increases. A hold-the-line principle could establish leverage to force absorption of over 100 million dollars annually through reprogramming, productivity increases, and elimination of lesser priority activities.

Second, the community can accommodate foreseeable requirements without increases in manpower, and an orderly reduction in manpower levels should be possible over the next several years.

25X1A1a Third, for Fiscal Year 1974 there is a net increase of about [REDACTED] in the current national intelligence request now under review with OMB. These monies are to provide better collection for strategic and SALT-related targets and are largely in SIGINT and imagery developments, and special Navy projects.

Fourth, the highest priority tasks of the intelligence community are those involved in monitoring and reporting on all foreign developments that might impact on the strategic balance. This involves monitoring Soviet and Chinese weapons programs of all types, support to arms-limiting treaty negotiations and monitoring compliance with the resulting agreements such as the Limited Test Ban Treaty, the Strategic Arms Limitations arrangements, and the Mutual and Balanced Force Reduction treaty when it occurs.

We believe that current and planned capabilities of the community will permit us to do these things within reasonable levels of confidence and time constraints without major increases in expenditures.

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In the years ahead, the NIPM should serve the President as a comprehensive account of the needs, structure and performance of the intelligence community and its resource levels. It will also give visibility to National Intelligence collection and production strategies, their program mix and targets.

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My second assigned responsibility-- that of producing national intelligence required by the President and other national consumers-- is closely linked with the charge that the quality, scope and timeliness of these products be improved.

The intelligence production organizations always have tried to turn out high quality products, but I think it is only fair to say that the President's memorandum focused attention on the importance of continuing attention to the quality of intelligence analysis.

I trust that the national intelligence estimates, the current intelligence publications, and other intelligence memoranda which you have seen in the past year reflect this kind of attention.

A Product Review Group has been established in the intelligence community staff, and part of its responsibility is the support of the NSCIC Working Group, which has devoted itself primarily to matters relating to product improvement.

Since a progress report on the NSCIC Working Group program is to be presented today, I will not expand on this point.

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The President's third charge was that I chair and staff all community advisory boards and committees.

The hours devoted to these board and committee meetings are usually time well spent because I am convinced it is essential that intelligence organizations examine their problems and make their estimates as a community rather than separately.

As a related point, the addition of a Treasury representative to the United States Intelligence Board-- as called for in the President's memorandum-- has been quite beneficial, particularly in view of the increasing importance of economic intelligence.

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The fourth responsibility assigned me by the President-- that of reconciling intelligence requirements and priorities within budgetary constraints-- is closely linked with what has already been said in the discussion of the National Intelligence Program Memorandum.

The intelligence community has agreed upon a listing of intelligence objectives, and their priorities, as guidance for the planning and programming of intelligence resources.

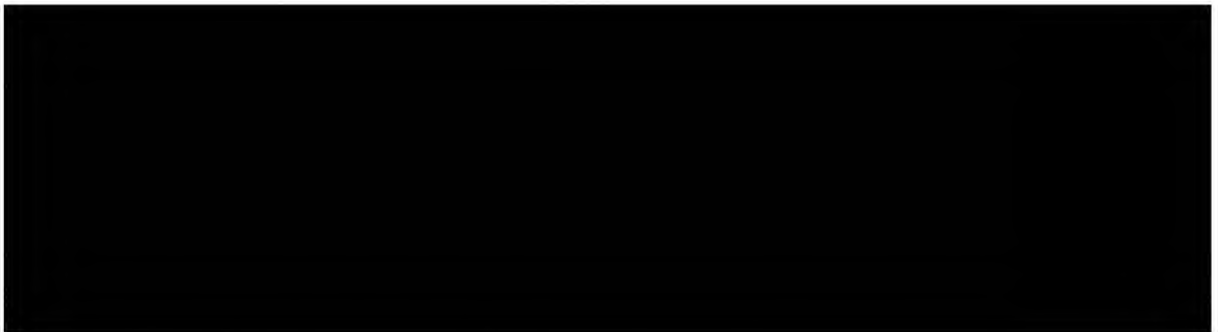
The initial statement, which was issued as a DCI Directive last January, is now being reviewed by a community task force to see in what ways it can be improved.

In addition, the community staff is developing analytical methodologies to improve our ability to assess the cost effectiveness of various intelligence programs.

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Thus far these remarks have been directed almost entirely to the community aspects of the President's memorandum, but mention also should be made of the major effort which has been accomplished in the Department of Defense to bring about the organizational changes called for by the President.

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A consolidated Defense Mapping Agency and a Defense Investigative Service have been created. Neither of these organizations is in the intelligence structure, and resources for these activities will no longer be carried in the intelligence budget.

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As I trust these brief remarks have indicated, the basic thrust of the initial responses to the President's memorandum has been to improve community understanding of the interactions of the various elements of the U.S. intelligence effort and to begin examining problem areas on a cross-program basis.

Much work still remains to be done.

The Planning Guidance paper for FY 1975 and beyond now being drafted by the community staff examines the implications for intelligence operations posed by the combination of expected international developments and continuing fiscal constraints.

This Planning Guidance, the annual National Intelligence Program Memorandum, and our efforts to improve the quality of the intelligence product provide the basis for continued progress under the guidelines set forth in the President's memorandum.